

YOUNG AND SCHACHT STUDY NEW DEBT PLAN

On German's Return From
Berlin They Go Into Secret
Two-Hour Paris Session.

HOPE OF SUCCESS RENEWED

Paris Thinks Proposals Under
Discussion Are Moreau's, While
Berlin Hears of Young Plan.

By P. J. PHILIP.

Special Cable to THE NEW YORK TIMES.

PARIS, May 2.—Dr. Hjalmar Schacht, chief German delegate, has returned to Paris from Berlin with no new proposals, but he has returned evidently in a mood receptive to the suggestions which Owen D. Young, American chairman of the Second Dawes Committee, and Emile Moreau, chief French delegate, made to him before he left and with possibly some new suggestions of his own. But it will be "two or three days," the experts themselves say tonight, before these "suggestions" have been sufficiently debated to permit an announcement that the committee is in full agreement on the figures and everything else. And there is still a possibility that they may not arrive at that happy solution.

Tonight the utmost secrecy surrounds their discussions. No conference of diplomats was ever so silent as this conference of business men about what they are trying to do. And to diplomats they might give lessons in the subtle use of language. For, apparently, there are no proposals before this conference. There are only suggestions. That is Dr. Schacht's distinction and it has been adopted by all the others.

New Angle Suggested.

Over these suggestions Mr. Young and the Reichsbank Director spent two hours in close conference almost at once following the latter's arrival. Tomorrow they are to meet again and to meet also most of their other colleagues. But this conference, which is now in its twelfth week, seems subject to many delays. The wedding of Dr. Schacht's daughter interrupted it for forty-eight hours. Lord Revelstoke's death caused a regrettable but, possibly, also a useful delay at a moment of the greatest crisis. This week-end it is the turn of Governor Moreau of the Bank of France to have to absent himself while he gets elected as Mayor of the small provincial town where some member of his family has always been Mayor for many generations.

The new suggestions, however, need patient working out and the slow motion of the committee is, perhaps, one of the best auguries for its final success. It certainly appears tonight to be moving cautiously toward a rather different solution from that which was uppermost in every one's mind three weeks ago.

Moreau Put Plan to Schacht.

Who suggested this new move is not clear, but M. Moreau was certainly the first to put it plainly to Dr. Schacht, when the latter returned the last time from Berlin and when there seemed little possibility of

Continued on Page Eight.

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Continued from Page 1, Column 2.

agreement. His suggestion was based on the conception that in financial affairs ten years is about as much as any man can see ahead. So he argued to "let us forget about what the Allies owe to America and to discuss what can be done about the 13,000,000,000 marks (about \$3,120,000,000) which we claim for reparations."

It is along that line that all these new suggestions are being made. It is early still to speak of them, but in so far as the interests of America are involved it may be emphasized that the new arrangement will, it is believed, include a definite undertaking by Germany to pay the allied debts for them for only ten or twelve years more. At the end of that time, if necessary, discussion will be reopened, though every one hopes the question will have settled itself by some new arrangement such as every financier in this conference believes must be made and will be made.

If nothing else is done it is hoped that the profits from the International Bank will be sufficient to cover these payments. What is important from the European creditors point of view is that an attempt has been begun at once to settle the reparations debt proper. The experts' difficulty has been to persuade Dr. Schacht to accept any proposal for commercialization. That is still the toughest knot in the whole problem. But in return for ultimate concessions and for every other advantage which he can possibly get, there seems today a chance that Dr. Schacht will accept a division of an annuity of about 1,000,000,000 marks (about \$240,000,000) over thirty odd years into conditional and unconditional parts. At first the unconditional part will be small, that is to say there will be only a small amount available for conversion into German bonds. But when that part is sold out according to circumstances another instalment of annuities may be made unconditional and so commercializable.

In such a discussion, the actual figures are of small importance. What the European creditors want is the value of 13,000,000,000 marks. The annuities will depend on how much is mobilized, and the total will have a far less formidable appearance if the amount of what the Allies owe to the United States is omitted after ten or twelve years.

Some Delegates Dissatisfied.

Such action as that would be regarded in Europe as a good beginning for the abolition of the sixty-two-year system. Of course, if there should be, within ten or twelve years, any modification of the American debt settlement system, then Germany would have to take up the burden again, at least in promise.*

Not every one is pleased by these suggestions. The Belgians and Italians, who have seen their claims cut down while something will have to be added to the 13,000,000,000 marks to provide for payment for the American army of occupation, are far from enthusiastic. They would prefer to see Dr. Schacht sign on the dotted line to all their demands. The British, on the other hand, seem likely to work in close support of Mr. Young toward any even decently satisfactory solution. The French, who have paid for restoration at a cost of four-fifths of their national wealth in the fall of the franc, seem likely to be satisfied if they get anything that looks like real payment.

Whether or not these new suggestions will work out into full agreement, of course, is still completely uncertain. If they do not, then, at least, an effort will be made among the experts to present only one re-

port to the governments, leaving it to the latter to fill in figures. Their report is indeed already all but complete, and by the middle of next week most of the experts are hopeful that they will be able to start back again for their homes. Some are threatening to start even if the conference is not over.

Studies Bond Security.

PARIS, May 2 (AP).—The subcommittee on commercialization of the German debt met today to consider what security could be incorporated into a new plan in place of the 16,000,000,000 marks (about \$3,840,000,000) in railroad and industrial bonds which guarantee payment under the Dawes plan. This and other points outside the question of annuities, which have not yet been agreed upon, will be studied further by this subcommittee and by the various delegations in preparation of their report.

Reich Cabinet Talks Debts.

Wireless to THE NEW YORK TIMES.

BERLIN, May 2.—The Cabinet devoted another session to the discussion of the reparations situation today. While it continues to be proclaimed that Dr. Schacht and Dr. Voegler have an absolutely free hand in their negotiations with the experts, the fact that Dr. Schacht was in consultation with S. Parker Gilbert, Agent General for Reparation Payments, just before his departure for Paris last night has stimulated speculation over the prospect that a settlement may be reached in Paris through the adoption of a plan reported to have been worked out by Owen D. Young which provides for an average an-

nuity of 2,100,000,000 marks (about \$504,000,000). The latter maximum annuity, it was learned today, was figured in advance of calculations made in German circles before the Paris negotiations got under way, but it was abandoned later for the formal offer of thirty-seven annual annuities of 1,650,000,000 marks (about \$396,000,000).

Mr. Gilbert has also been in consultation with the Foreign Office since his return from Paris, a fact which is being interpreted in banking circles as an indication that he discussed Mr. Young's reported compromise with the German Government heads.

Today's Cabinet session was interrupted through the sudden indisposition of Chancellor Mueller. He will be confined to his apartment for the present.